Bearcat Explorations Ltd.

2002 Annual Report

Annual General Meeting

The Annual General Meeting of the Shareholders of Bearcat Explorations Ltd. is to be held at 2:30 p.m. on Thursday, June 5, 2003, in the Bonavista Room of the Westin Calgary, 320 - 4th Avenue S.W., Calgary, Alberta.

REPORT TO SHAREHOLDERS

Some shareholders may experience a small touch of nostalgia related to the cover of this years' Annual Report. The cover is similar to that of Bearcat's 1991 Annual Report, reflecting the time constraints that Bearcat's limited staff is exposed to currently, related to responding to the legal action the Company and its partner, Stampede Oils Inc., find themselves embroiled in, as further set out below

.

This years' annual report is of a spartan nature.

This legal action is a blatant attempt to grab the assets of Bearcat and Stampede Oils. As most shareholders will be aware of, by way of a January 24, 2003 News Release and a related posting on its website, Bearcat is a Defendant to a significant and wrongful legal action regarding a certain joint loan and related interest charges. The Company is not in default of the provisions of the purported Loan Agreement.

Bearcat is under advisement that it has a very strong defense in this matter and is prepared to respond with a substantial counter action against this shareholder at the appropriate time. A Hearing regarding this wrongful legal action is scheduled for mid-April. Bearcat is confident that this action will be dismissed.

The above-mentioned significant shareholder of Bearcat Explorations Ltd., holding a minimum 2.8 million registered common voting shares and its principal, has filed wrongfully, legal action against the Company. This action is related to a certain loan and related interest charges, the amounts of which are questionable. The Company is definitely not in any default position related to the purported loan. This action is considered to be inappropriate, improper and without basis of fact and many aspects of the loan are considered to be at the very least, of a usurious nature.

In an attempt to avoid this unwarranted action, a representative of the Company went down and met with this shareholder's principal in Las Vegas where he has his principal residence, over the weekend of January 25, 2003. Over 13 hours of ongoing discussions were held on a Without Prejudice basis, in a seemingly friendly and conciliatory vein in an attempt to resolve any related problems. Though the results of this meeting at the time appeared very favourable, the subsequent response from this shareholders lawyer amounted to an attempted additional major asset grab in seven different categories. The Company was originally forced to cede to substantial asset demands by this shareholder / and its sole member and this most recent demand was not warranted, nor tolerable.

Bearcat has been advised that it has a very strong defense in this matter and will defend against this wrongful action with extreme vigour which will involve a counter action against this shareholder for maximum damages.

With regard to this current legal action, the Company considers that it is important for all shareholders of Bearcat to know the identity of this shareholder. The major shareholder is Knox, LLC registered in Nevada, USA and controlled by Frederick J. Mancheski, its sole member. This individual resides in both New Haven, Connecticut at 10 Old Farm Road and Las Vegas, Nevada at 1060 Vegas Valley Drive. Knox/Mancheski is reputed to control resources worth well in excess of $500 million (U.S.).

As this shareholder and its principal are a major shareholder of Bearcat, damages to be sought by Bearcat for this malicious prosecution by way of collateral action, will be substantial. The

Company has been advised that as this shareholder has had a unique and special past corporate association with the Company, there is a probable basis for a related strong shareholder class action suit against Knox/Mancheski.

Approximately two-years ago, out of necessity, the Company and an associate company were obligated to assign 100% of Panda Petroleums Ltd. (Panda) to this shareholder in order to partially satisfy demands by Mancheski, related to the subject loan arrangement. It now appears that, as the potential of the Turner Valley project is finally becoming apparent, this shareholder is attempting to acquire additional interests over and above those held by Panda in the overall Turner Valley play. This is considered to be part of the motivation for this wrongful legal action. To support this contention, the Company has been advised that Knox/Mancheski is currently involved in negotiations to acquire additional interest in the recently completed Impact 6-8-22-3W5 gas well in the Turner Valley North area from another working interest partner.

Bearcat considers that the ultimate objective of this Knox/Mancheski action is apparently aimed towards gaining control of Bearcat's Turner Valley area assets. Along with the legal action there has been simultaneously, a very serious Internet disinformation campaign regarding the Company's Turner Valley asset value and potential, along with a concerted amount of significant downward pressure on the market value of the Company's shares by very apparent select brokerage firm dumping. Bearcat is taking steps to have these sellers identified by the appropriate regulatory agency to determine any tie-in to Knox/Mancheski.

With regard to the Internet access for discrediting the Company, readers of and participants to a certain related bullboard website may have noted that a major contributor to that board for a period of approximately 1.5 years, suddenly disappeared last October. This individual, who was a very active and excessively harmful basher using several user names, has been identified by the Company as has the large financial investment firm where he is employed. Bearcat and a partner have already initiated procedures necessary for the commencement of legal action for substantial damages.

The Company and its management do not have a problem with being the recipients of objective and fair criticism, but when it comes to the spreading of deliberate erroneous facts, slander and libel, the Company is left with no choice but to activate an Internet tracing process, which has been found to be very effective. As most shareholders will realize, to let this type of misinformation persist, can be very damaging to the Company over the long run and hence damaging to its shareholders. Bearcat has initiated identification traces on two current website bashers. Shareholders will be kept updated on the progress of these traces.

The above combined efforts to undermine and discredit the Company are basically an attempt to destabilize it, along with its directors and shareholders. The blatant and apparent contrived downward pressure on the Company's market share value is particularly very harmful. However, with the awareness of most shareholders to the above, and with their continuing active positive support, Bearcat will not have any problem prevailing.

As Bearcat shareholders should be aware, Bearcat has significant interests in four completed major gas wells and one (indicated) major oil well. Production revenue from these initial discoveries should commence and/or escalate significantly this year.

GAS WELLS	COMPANY INTEREST	NET PAY THICKNESS	TOTAL RECOVERABLE RESERVES/ SPACING UNIT
*Fortune et al Hartell 4-13-19-2 W5M	38.25% - 10.625%	172 ft	36.0 BCF
**Anadarko 10-16-21-3 W5M	14.9%	100 ft (est.)	30.0 BCF
****Imperial 8-21-21-3 W5M	11.125 % - 37.2%	44 ft	9.7 BCF
*Impact 6-8-22-3 W5M	2.1256 % CWI 5.1936 % WI	67 ft	28.5 BCF

OIL WELL	COMPANY INTEREST	NET PAY THICKNESS	TOTAL RECOVERABLE RESERVES/ SPACING UNIT
**Bearcat Turner Valley 2-34-20-3 W5M	49.72552%	80 ft	4 million bbls (Proven) Min. 50 million bbls (Probable)

***Independent Evaluation**
**** In-House Determination**
***** Determined approximately 50 ft. oil leg**

The successful drilling and completion of the above wells endorses Bearcat's explorations interpretation in the overall Turner Valley project area.

STAMPEDE TURNER VALLEY 2-34-20-3 W5M / CURRENT STATUS

In mid-December Stampede, the operator, had to retrieve the second downhole pump from the well after a pull rod broke as a result of acid sludge pack-off. Prior to a new pump being placed in the hole a swabbing operation was conducted to expedite the recovery of remaining load fluid and sludge from the reservoir. On December 21, 2002, the third day of swabbing, the well was swabbed in with the oil recovery content increasing in a 3.5 hour period from **2% to 80%** with a corresponding increase in solution gas and casing pressure. The amount of solution gas at this time was increasing very significantly, resulting in a concern for H_2S embrittlement affecting the swab line. The operation was terminated as the oil recovery results were considered conclusive and very successful. The last swabs had recovered 42° API gravity oil at an initial recovery rate in excess of 150 barrels per day. A considerable amount of calcium carbonated ($CaCo_3$) plus acid sludge material accompanied the oil recovery. The new downhole pump was installed in the well the following day.

To date, separator test production operation results for the 2-34 oil well have not been compatible, in several ways, with the very positive results of the swab operation discussed above. The Company is now aware of certain indicated potential errors related to the separator test operations that clarify the questionable oil/water production figures reported to the EUB for this well. Bearcat will elaborate on this situation in an upcoming shareholder letter.

In order to address this production related problem as soon as possible, the Company has met with its consulting engineers. It is hoped that the planned operation to remedy this problem will commence very shortly.

The very positive swab operation results, coupled with the most recently noted tubing head pump flow pressures, indicate that the 2-34 well should ultimately produce as originally forecast.

The Company is currently involved in discussions with four other companies regarding their possible participation in a test operation for a currently suspended Stampede well in the Turner Valley area. This well has 67 metres (220 feet) of net reservoir along with a determined minimum of 45 ft of gas in the wellbore. Should this test operation confirm the gas-bearing interpretation, the lateral extent of the related gas pool will be considerable. This test operation is expected to commence in the very near future. Bearcat's current interest in this suspended well is 57%.

Oil and gas revenues for this year are expected to be considerable related to the above noted four gas wells, along with the Stampede Turner Valley 2-34 oil well. As the company has a good defense to the current malicious action against it, as discussed earlier, the possibility of being successful in a claim for a substantial damage amount could be very likely.

To complement initial revenues to finally be generated this year, Bearcat plans to conduct a limited "Rights Offering", subject to final approval by the Board of Directors, the TSX Venture Exchange, and of course the ongoing market value of Bearcat shares. The Rights Offering will probably be done on a basis of one (1) Right for every ten (10) Common Voting Shares held. The intent is to provide all shareholders with an opportunity to participate directly in the financing of the ongoing development of the Turner Valley project and to be able to share correspondingly in the escalation of the Company's developing oil and gas reserves value.

As stated earlier, there is not any basis in fact for the subject legal action and the Company is considered to be in a strong defensible position together with good cause to seek successfully, significant damages. This year is expected to be very positive and eventful. Your continuing support for the Company's activities is greatly appreciated.

Look forward to seeing you at the Annual General Meeting on Thursday, June 5th.

On Behalf of the Board of Directors

John W. McLeod
President

March 15, 2003

OIL & GAS OPERATIONS

A. ENVIRONMENTAL

With regard to the emphasis now being placed on legitimate environmental concerns related to overall industry oil and gas operations, the Company considers that a brief discussion related to Bearcat's environmental policies is warranted.

Regulatory obligations related to oil and gas wellsite operations are set out in the Alberta Oil and Gas Conservation Act and the Environmental Protection and Enhancement Act. The Alberta Energy and Utilities Board is responsible for enforcing and ensuring environmental protection concerning oil and gas operations.

Bearcat has a high degree of concern regarding any possible effects from its exploration and development drilling operations including, but not limited to, community health and safety, soil disturbances, waste removal and continued air quality. Measures are always in place to be able to anticipate, identify, address, prevent and/or control possible adverse environmental effects that may pertain to any Company operations.

Bearcat et al adhere to industry-accepted operating practices and comply with all related government regulations. Industry-wide assessments demonstrate an extremely low possibility of any event which might produce a negative impact on the environment, provided regulatory and industry policies are followed. All Company operations have contingency plans to deal with any such unlikely event.

As part of its efforts to ensure that the Company's operations address environmental issues satisfactorily, Bearcat and partners have utilized a sumpless mud system in its Turner Valley operations. This system incorporates a centrifuge facility that provides for the separation of drill cuttings from the mud system and the subsequent continual recycling of the water/mud column in the wellbore.

Testing operations for a sour gas classification well dictate the employment of mobile monitoring units to ensure against the leakage of H_2S and the adequate dispersion of flaring emissions in accordance with EUB approved standards.

A new incinerating flaring process has now been developed as an alternative to the use of flare stacks. In an area where there may be access to adequate pipeline facilities, in-line flaring procedures will also be given serious consideration. Bearcat et al will install downhole safety shut-off valves in sour gas wells completed in areas having nearby residences.

Bearcat will communicate on a continuing basis with all possibly affected local communities related to its operations, incorporating a newly developed public consultation program.

B. TURNER VALLEY NORTH PROJECT

The main target horizon in Turner Valley North is interpreted to be a large deep continuous anticlinal structure, indicated to contain a major oil pool in the Regional Mississippian Turner Valley formation at a depth of approximately 3048 metres (10,000 feet). From November 29, 1993 to March 4, 1995 Bearcat and partners conducted a preliminary deep drilling exploration program with regard to this interpreted major 37 km (23 miles) long deep anticlinal structure that generally underlies and is adjacent to the current/historic Turner Valley field and associated overthrust fault blocks.

The results of this preliminary exploration evaluation drilling program necessitated an extensive follow-up data research program with interpretive fine-tuning. Bearcat et al then arranged to have two companies join in the project with the drilling of two follow-up wells. The results of these two wells, along with the results of the previous wells, have substantiated the related overall structural and hydrocarbon interpretation. The IMP Berkley Turner Valley 8-21-21-3 W5M well has established an indicated gas/oil contact at approximately -1798m subsea while 9.6 km (6 miles) to the south, the currently suspended Stampede Bcat et al TV 6-23-20-3 W5M well has identified an oil/water contact at

approximately -1920m subsea. The recently drilled and completed Berkley (Anadarko) 10-16-21-3 W5M well, offsetting the IMP 8-21 well 1.6 km (1 mile) to the south, is completed in the gas cap of this Regional Turner Valley oil pool. This deep Regional Mississippian Turner Valley oil pool is indicated to have an approximate 122m (400 ft.) vertical oil leg.

Both the IMP 8-21 and the Anadarko 10-16 wells were put into production late last year. Current reports indicate that both wells have had to be choked back considerably to minimize oil entry and are producing at very high surface flowing pressures. Reliable information regarding related oil production is not yet available.

The deep Regional anticlinal structural feature is not subject to disruptive and abrupt geological changes as experienced in the more shallow, heavily faulted and fractured overthrust zones. The lateral continuity of structure in this deeper horizon is expected and is projected geologically. The amount of pertinent good quality seismic control, coupled with very good strategically located subsurface wellbore data, supports and endorses the determined overall structural interpretation.

Recoverable reserves of 39.6° – 47° gravity oil are indicated to be in excess of 500 million barrels. Recoverable gas reserves are interpreted to be in excess of three (3) trillion cubic feet (TCF). Wells are expected to be capable of production rates in excess of 500 barrels of oil per day and gas wells completed in the deeper Devonian Crossfield reservoir to the northeast should be capable of in excess of 10 million cubic feet (mmcf) per day production rates.

C. OIL/GAS WELLS (CURRENT AND FUTURE)

Turner Valley North
Current Operations

1. Stampede Turner Valley 2-34-20-3 W5M (49.72552% interest)

Regional Turner Valley main oil pool, 80 feet net pay. Detailed discussion contained in Report to the Shareholders. Technical wellbore test data indicates this well is capable of oil production flow rate of at least 1,000 barrels per day.

2. IMP Berkley Turner Valley 8-21-21-3 W5M (11.125 - 37.2% interest)

Imperial Oil Resources, the current operator of this well finally put it into production on November 29, 2001. It is reported that the remaining non-recovered acid load water and mud filtrate that finally came out of the reservoir caused significant difficulties at the Quirk Creek gas plant for a 10-day period.

The Company is also under advisement that an increasing amount of oil recovery has necessitated the gas production from this well to be choked back very significantly to reduce the increasing production of 45° – 47° gravity oil.

The Company's interpretation of the deep Regional Turner Valley reservoir determined potential for in excess of 500 million barrels of recoverable oil ranging from 39.6° to 47° gravity with 20% primary and 30% secondary recovery factors. The indicated gas cap for this formation is indicated to be in excess of one TCF of recoverable gas reserves.

3. BPC (Anadarko) et al Turner Valley 10-16-21-3 W5M (14.9% interest)

This well has now been drilled and completed in the gas cap of the Regional Turner Valley oil pool. Production commenced late last year and is reported to now be choked back very significantly to reduce production of 45° – 47° gravity oil.

4. Impact et al Calgary 3-8-22-3 W5M (8.8192% CARRIED + WI)

This well has now been completed as a significant Turner Valley foramtion gas well.

FUTURE OPERATIONS

1. Stampede Bcat et al TV 6-23-20-3 W5M (48.85% BPO / 28.05% APO)

Subsequent to the commencement of commercial oil production from the Stampede Turner Valley 2-34 well, the operator plans to initiate a sidetrack operation on the currently suspended 6-23 well in order to complete it up-structure in the Regional Turner Valley oil zone. The well is currently completed with an indicated 38 feet of oil above water. The sidetrack operation will provide it with approximately 90 feet of net oil pay. The operation should only take 3-4 weeks. Production rate will be similar to the 2-34 well.

2. BPC et al Turner Valley 12-35-20-3 W5M

The operator plans to take over the existing cased wellbore of this well and sidetrack it into Lsd 16 Sec 32 Twp 20 Rge 3 W5M as a follow-up development well to the current 2-34 well. This well should encounter the Regional turner Valley oil pool at least 100 feet higher structurally to the offset 2-34 oil discovery well. Oil production rates are expected to be similar.

3. Stampede et al TV 11-15-21-3 W5M (53.125%)

The surface location for this well in 15-15-21-3 W5M is approximately one mile due west of the 8-21 discovery well and the offset 10-16 well surface location. Immediately after the production start-up of the 2-34 well, a new public consultation process is to be conducted followed by an application for drilling license.

4. Stampede Bcat et al TV 7-25-20-3 W5M (56.7%)

This well was deepened from the previously suspended total depth in the top of the Regional Turner Valley formation down into and through the base of the underlying Devonian Crossfield member. A maximum thickness of 79.7 m (261 ft.) of Crossfield formation was encountered at this location with approximately 69 m (221 ft.) of net reservoir. The upper 13.66m (45 ft.) which is shown to be gas-bearing will be production tested this year.

The results of this deepening operation have determined that the underlying Devonian structure is probably a northern extension from the Turner Valley South pool in which the Fortune et al Hartell 4-13-19-2 W5M gas well is located, and that the structure trends north-northeast in the direction of Red Deer Lake.

A gas water contact has been interpreted from the 7-25 deepening for this north pool and it is expected to contain recoverable gas reserves in excess of 2.5 TCF.

TURNER VALLEY SOUTH GAS POOL

1. Fortune et al Hartell 4-13-19-2 W5M (38.25% BPO / 10.625% APO)

The final completion operation preparatory for having this well placed on production was commenced in December, 1998 and completed on February 12, 1999. The well is expected to commence production at a minimum of 5 mmcf of gas per day. A pipeline transportation and gas processing agreement was entered into on January 21, 2000. Bearcat and partners entered into a Farmout Agreement with Fortune Energy Inc. whereby Fortune is to pay all costs of tying this well in for production, plus the deepening and completion costs of the offset development well, Fortune et al Hartell 11-12-19-2 W5M. Fortune has entered into a new pipeline agreement for the transmission of gas to the Mazeppa gas plant.

2. Fortune et al Hartell 11-12-19-2 W5M (21.25% APO)

An application for approval to deepen the offset 11-12 well, located across the highway from the 4-13 gas well, has been submitted to the EUB. The 11-12 is currently suspended in the Regional Shunda formation underlying the Regional Turner Valley. This operation is expected to take from two to three weeks and will be completed in a manner which should allow a gas production rate in excess of 10 mmcf per day. Both the 4-13 and 11-12 wells should be on production sometime later this year. The new operator has entered into a transmission and processing agreement with the successor to Dynegy Midstream Services.

RESERVES (as at November 30, 2001)

The total oil and gas assets of Bearcat, tabulated from in-house generated and third party determined figures, are summarized as set out below:

GAS	Gross (BCF)		Net (BCF)	
Status	**Proven**	**Proven & Probable**	**Proven**	**Proven & Probable**
Producing	0.5		.07	.10
Shut-in	82.4		21.08	933.99
Total	**82.9**		**21.5**	**934.09**

OIL	Gross (MSTB)		Net (MSTB)	
Status	**Proven**	**Proven & Probable**	**Proven**	**Proven & Probable**
Producing	---	---	---	---
Shut-in	31.1	114.1	7.8	55.7
Total	**31.1**	**114.1**	**7.8**	**55.7**

BCF = Billion cubic feet of gas
MSTB = One thousand standard tank barrels

Proven Reserves are those reserves estimated as recoverable under current technology and existing economic conditions, from that portion of a reservoir which can be reasonably evaluated as economically productive on the basis of analysis of drilling, geological, geophysical and engineering data, including the reserves to be obtained by enhanced recovery processes demonstrated to be economic and technically successful in the subject reservoir.

Proven and Probable Reserves are those reserves which analysis of drilling, geological, geophysical and engineering data does not demonstrate to be proved under current technology and existing economic conditions, but where such analysis suggests the likelihood of their existence and future recovery. Probable additional reserves to be obtained by the application of enhanced recovery processes will be the increased recovery over and above that estimated in the proved category which can be realistically estimated for the pool on the basis of enhanced recovery processes which can be reasonably expected to be instituted in the future. All probable reserve volumes and associated values have not been adjusted for engineering or geological risk.

ACREAGE

The following table summarizes the petroleum and natural gas acreage interests held by the Company as at November 30, 2001:

	Working Interest (1)	
	Gross Acres (2)	**Net Acres (2)**
Canada	32,830	9,315

Notes:

(1) All acreage is held in the form of petroleum and natural gas leases.

(2) "Gross Acres" represents the total number of acres in which the Company has a working interest. "Net Acres"represents the aggregate working interests which the Company holds in gross acres after deduction of the working interests held by unrelated parties. Certain of the Company's acreage may be subject to royalties and other non-working interests.

TELEPHONE (403) 209-0159
FAX (403) 228-3654

1002 – 14th AVENUE SW
CALGARY, ALBERTA T2R 0P1

McCallum and Company
Chartered Accountants

AUDITORS' REPORT

To the Shareholders of Bearcat Explorations Ltd.

We have audited the consolidated balance sheet of Bearcat Explorations Ltd. as at November 30, 2002 and the consolidated statement of loss, accumulated deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation.

The accompanying financial statements, in our opinion, raise doubts concerning the Company's ability to realize its assets and discharge its liabilities in the normal course of business. These doubts arise because of the appointment on April 17, 2003 of an interim receiver, the Company's filing of a Notice of intention to make a proposal pursuant to Subsection 50.4 (1) of the Bankruptcy and Insolvency Act, its ability to satisfy its long term debt obligations by replacing such debt by new debt or equity financing on more favourable terms, thus allowing for the completion of the Turner Valley oil and gas development.

In our opinion, except for the concerns mentioned in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2002 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

McCallum and Company

April 17, 2003
Calgary, Alberta

McCallum and Company
Chartered Accountants

BEARCAT EXPLORATIONS LTD.

CONSOLIDATED BALANCE SHEET

	November 30 2002	November 30 2001 (Reclassified)
ASSETS		
Current assets:		
Cash and short-term deposits	$ -	$ 137,672
Marketable securities	38,360	38,360
Accounts receivable (Note 12)	97,789	188,558
Prepaid expenses	22,233	10,713
	158,382	375,303
Loan receivable (Note 12 (b))	28,337	26,733
Investment in and advances to Stampede Oils Inc. (Note 3)	134,482	51,174
Property and equipment (Note 4)	6,240,767	7,398,427
	$ 6,561,968	$ 7,851,637
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities:		
Cheques issued in excess of bank balance	$ 10,780	$ -
Demand bank loan (Note 5)	130,000	-
Accounts payable and accrued liabilities	526,315	708,203
Interest accrued	2,272,274	936,167
Current portion of long term debt (Note 8)	3,552,897	-
Advances from Sarcee Oil and Gas Ltd. (Note 6)	280,000	-
Expenditures to be incurred on behalf of investors (Note 7)	83,331	83,331
	6,855,597	1,727,701
Loans from private individuals (Note 8)	11,700	3,564,597
Payable to Stampede Oils Inc. (Note 3)	-	862,400
Deferred revenue (Note 9)	1,203,656	1,203,656
Site restoration and abandonment costs	125,000	125,000
Shareholders' deficiency		
Capital stock (Note 10)	57,218,067	56,865,717
Share acquisition loan (Note 12)	(799,525)	(754,269)
Accumulated deficit	(58,052,527)	(55,743,165)
	(1,633,985)	368,283
	$ 6,561,968	$ 7,851,637

Going concern assumption (Notes 1 and 8)

Commitments (Note 13)

Contingent liability (Note 9)

Approved on behalf of the Board:

_____________________, Director

_____________________, Director

BEARCAT EXPLORATIONS LTD.

CONSOLIDATED STATEMENT OF LOSS

	Year Ended November 30 2002	2001
Revenue		
Oil and gas sales, net	$ 90,060	$ 89,784
Other	48,300	48,499
	138,360	138,283
Expenses		
Production	84,217	77,335
Bank interest and financial costs	2,404	15,701
Interest on long-term debt (Note 8)	1,336,347	824,090
Other charges re long-term debt (Note 8)	-	770,943
Administration and general	689,216	828,731
Depletion and amortization	335,538	26,068
Future site restoration costs	-	15,000
	2,447,722	2,557,868
Loss for the year	$(2,309,362)	$(2,419,585)
Loss per share	$ (0.028)	$ (0.029)

(Going concern assumption – Note 1 and 8)

BEARCAT EXPLORATIONS LTD.

CONSOLIDATED STATEMENT OF ACCUMULATED DEFICIT

	Year Ended November 30 2002	Year Ended November 30 2001
Balance, beginning of year	$ (55,743,165)	$ (53,323,580)
Loss for the year	(2,309,362)	(2,419,585)
Balance, end of year	$ (58,052,527)	$ (55,743,165)

(Going concern assumption – Note 1 and 8)

BEARCAT EXPLORATIONS LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended November 30 2002	2001 (Reclassified)
Cash flow used in operating:		
Loss for the year	$ (2,309,362)	$ (2,419,585)
Items not affecting cash:		
Depletion and amortization	335,538	26,068
Future site restoration costs	-	15,000
	(1,973,824)	(2,378,517)
Net changes in non-cash working capital:		
Decrease in accounts receivable	90,769	156,872
Increase in prepaid expenses	(11,520)	(1,334)
Advance from Sarcee Oil and Gas Ltd.	280,000	-
Increase in interest accrued	1,336,107	584,214
Decrease in accounts payable and accrued liabilities	(181,888)	(106,170)
	1,513,468	633,582
	(460,356)	(1,744,935)
Cash flow from financing:		
Loans from private individuals	-	564,352
Proceeds on issue of shares	352,350	1,371,152
	352,350	1,935,504
Cash flow from investing:		
Reduction (cost) of capitalized oil and gas expenditures	155,455	(2,513,901)
Proceeds on sale of oil and gas interests	666,667	1,142,667
Loans receivable	(46,860)	(44,207)
Investments in and receivable from Stampede Oils Inc.	(945,708)	790,555
Payable to Stampede Oils Inc.	-	862,400
	(170,446)	237,514
Increase (decrease) in cash	(278,452)	428,083
Cash (bank indebtedness), beginning of year	137,672	(290,411)
Cash (bank indebtedness), end of year	$ (140,780)	$ 137,672

Cash includes short-term deposit and current portion of bank loans.

(Going concern assumption – Note 1 and 8)

Supplementary information:

Interest paid	$ -	$ -

BEARCAT EXPLORATIONS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2002

1. Going Concern Assumption

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

As referred to in Note 8, a major private lender has commenced legal action to have the Company placed in bankruptcy. On April 17, 2003, the Company, together with Stampede Oils Inc. filed a notice of intention to file a proposal to its creditors under the Bankruptcy and Insolvency Act. By order of the Court of Queen's Bench of Alberta, Judicial district of Calgary, an interim receiver was appointed pursuant to Section 47.1 of the Bankruptcy and Insolvency Act.

As at November 30, 2002, there is a working capital deficiency of $6,697,215 and the accumulated deficit amounted to $58,052,527. Further, as explained in Note 9, the Company is in a legal dispute pertaining to a Gas Dedication and Delivery Agreement dated July 15, 1994. Management's opinion is that it has not breached any provisions of the aforementioned agreement and that the legal action is not warranted.

The Company's status as a going concern is therefore dependent on the continuing ability of management to raise further capital and to commence commercial and substantial production from its Turner Valley area operations.

These financial statements do not reflect adjustments that would be necessary if the "going concern" assumption were not appropriate.

If the "going concern" assumption were not appropriate for these financial statements, then material adjustments would be necessary in the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used. In particular, the carrying value of the oil and gas assets which are dependent on the full development and commercialisation of its Turner Valley project to be realized, would be detrimentally affected.

2. Significant Accounting Policies

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Bearcat Explorations Inc., 572848 Alberta Ltd. and Lumberton Mines Limited.

Measurement uncertainty

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from and affect results reported in these financial statements.

2. Significant Accounting Policies *(continued)*

Oil and gas properties

The Company follows the full cost method of accounting for petroleum and natural gas operations whereby all costs of exploration for and development of petroleum and natural gas reserves are capitalized. Costs include lease acquisition costs, geological and geophysical expenses and costs of drilling both productive and non-productive wells. Proceeds from the sale of oil and gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would significantly alter the rate of depletion and amortization.

Depletion of exploration and development costs and amortization of production equipment is provided on the unit-of-production method based upon estimated proven petroleum and natural gas reserves.

The carrying value of the Company's petroleum and natural gas properties and production equipment, net of recorded deferred income taxes, is compared annually to an estimate of future net cash flow from the production of proven reserves using year-end prices, less estimated future general and administrative expenses, financing costs and income taxes. Should this comparison indicate an excess carrying value, the excess is charged against earnings as additional depletion and amortization.

Provision is made in the accounts for estimated future net costs of well abandonments and site restoration, including removal of production facilities at the end of their useful life. Costs are based on estimates valued at year-end prices and in accordance with the current legislation and industry practices. The annual provision is computed on a unit-of-production basis and is recorded as an expense for the year; the accumulated provision is classified as a non-current liability.

Mining properties

Costs of acquisition and development of mining properties are capitalized on an area of interest basis. Amortization of these costs will be on a unit-of-production basis, based on estimated proven reserves of minerals of the areas should such reserves be found. No amortization has been recorded to date. If an area of interest is abandoned the costs related thereto are charged to income in the year of abandonment.

The amounts shown for mineral properties represent costs to date, net of recoveries, abandonments and write-downs, and do not necessarily reflect present or future values.

Development of mineral properties and recovery of related costs are dependent upon capital financing arrangements, mineral market conditions, environmental considerations and general economic conditions.

Site restoration cost and abandonment costs

Estimated future costs of site restoration and abandonment are provided for over the life of proved reserves on an unit-of-production basis. Costs are estimated, net of expected recoveries based upon current legislation, costs, technology and industry standards. The annual provision is recorded as additional depletion and amortization. The accumulated provision is reflected as a non-current liability and actual expenditures are charged against the accumulated provision when incurred.

2. Significant Accounting Policies *(continued)*

Amortization

Amortization is provided on the declining balance basis at rates designed to amortize the cost of the assets over their estimated useful life as follows:

Pipelines	5%
Oil and gas equipment	20%
Mining equipment	20%
Office equipment and leasehold improvements	20%
Automotive equipment	30%

Joint operations

Substantially all the Company's activities are conducted jointly with others and these financial statements reflect only the Company's proportionate interest in such activities.

Marketable securities

Short-term investments are carried at the lower of cost and market value.

Long-term investments

A subsidiary owns shares of the Company. The Company's proportionate interest in the cost of such subsidiary corporation's shares is deducted from shareholders' equity.

The Company accounts for investments in corporations over which it does not exert significant influence on the cost basis, whereby the investment is recorded at original cost. Investments in corporations over which the Company exerts significant influence are accounted for on the equity basis, whereby the investment is originally recorded at cost and adjusted to reflect the share of earnings or losses of the other corporation less any dividends received. Where there has been a loss in value of any investment which is other than a temporary decline, these investments are written down to recognize the loss.

Flow-through common shares

The Company credits the full amount of the proceeds of flow-through shares, (which transfer the deductibility of exploration expenses to the investor), to capital stock, when such expenditures have been incurred.

Financial instruments

Financial instruments of the Company include cash, accounts receivable, substantially all current liabilities and long-term debt. Unless otherwise disclosed, there are no significant differences between the carrying value of these amounts and their estimated fair values.

3. Investment in and Receivable from (Payable to) Stampede Oils Inc. (See also Notes 1 and 8)

	November 30 2002	2001
Investment, at impaired value	$ 51,174	$ 51,174
Receivable (payable)	$ 83,308	$ (862,400)

The investment consists of 789,766 (2001 – 789,766) common shares representing approximately 1% equity interest in Stampede Oils Inc. and is accounted for on the cost basis less impairment.

The assets of Stampede Oils Inc. consist substantially of interests in mutual oil and gas and mining properties in which this Company also hold interests.

The receivable is non-interest bearing, unsecured and has no specific terms of repayment. This amount relates to costs incurred by the Company as a major joint venture participant of certain oil and gas and mining properties in which Stampede Oils Inc. is the operator. The recoverability of the investment in Stampede Oils Inc. is ultimately dependent on the successful development of the Turner Valley Project.

4. Property and Equipment

(a) Summary

	At Cost	Accumulated Amortization	November 30 Net Book Value 2002	2001
Oil and gas properties	$25,016,975	$18,998,321	$ 6,018,654	$ 7,004,137
Mining properties	2	-	2	2
Oil and gas equipment and pipeline	1,336,724	1,140,432	196,292	366,223
Mining equipment	107,804	106,551	1,253	1,253
Other	229,122	204,556	24,566	26,812
	$26,690,627	$20,449,860	$ 6,240,767	$ 7,398,427

(b) Turner Valley Project

To November 30, 2002, the Company has participated in seven exploratory wells in the Turner Valley area of Alberta. Testing of two of these wells has determined the discovery of substantial natural gas reserves and significant oil reserves; however, for accounting purposes, some of these reserves are classified as proved undeveloped pending further testing, completion of production and drilling of additional and existing wells necessary to validate the overall reserve assumptions and to establish sufficient productivity parameters with which to justify the expenditures required to install producing and gathering facilities.

4. Property and Equipment *(continued)*

(c) Ceiling test

The Company used year-end prices for oil and natural gas when calculating the ceiling test. Full cost accounting guidelines exclude probable reserves. Management is confident that such reserves will ultimately be established as proven. However, this is based on management being able to raise equity and other financing at reasonable commercial rates to complete the Turner Valley oil and gas project. In the year ended November 30, 2002, minimal oil and gas expenditures were incurred.

5. Bank Financing (See also Note 14)

The Company obtained a credit facility of $300,000 from the Canadian Western Bank of which $130,000 was utilized at November 30, 2002. This demand revolving loan bears interest at prime plus 1%. A General Security Agreement was provided to the bank as security.

6. Advances from Sarcee Oil and Gas Ltd.

The Company, together with Stampede Oils Inc., contracted with Sarcee Oil and Gas Ltd. whereby the latter Company would earn a working interest in certain oil and gas properties. As at November 30, 2002, $280,000 had been advanced by Sarcee Oil and Gas Ltd. and had not yet been expended by the Company.

7. Expenditures to be Incurred on Behalf of Investors

The Company has received funds from investors to incur expenditures qualifying as Canadian Exploration Expense or Canadian Development Expense as these terms are defined in the Income Tax Act. All rights, titles, benefits and interest in any mineral interest resulting from these expenditures accrue to the Company. Income tax deductions relating to these expenditures flow through to the investors. Remaining funds to be expensed at November 30, 2002 amounted to $83,331.

8. Loans from Private Individuals (see also Note 1)

	November 30 2002	November 30 2001
(a) Loans jointly to the Company and Stampede Oils Inc. in the aggregate amount of $675,000 allocated to the Company:		
Allocated to the Company	$ 11,700	$ 11,700

Terms:
- To be secured by a registrable first mortgage instrument over specific oil and gas properties.
- Specific repayment procedures based on future revenues.
- Bearing interest at Royal Bank of Canada, prime plus 2%.

The Company is contingently liable with respect to advances made to Stampede Oils Inc. under this loan.

	November 30 2002	November 30 2001
(b) Loans jointly to the Company and Stampede Oils Inc. (the Borrowers) in the aggregate amount of US $3,727,364:		
Allocated to the Company	3,552,897	3,552,897

Per a proposed agreement to be effective August 3, 2000, and signed eventually, by the lender in October 2002 the following terms were preliminarily negotiated:

- A company owned by the lender will receive additional carried working interest as is required to make that company's interest equal to 15% of the borrowers, as well as a 3% gross overriding royalty.
- Interest to be calculated at 1% per month, calculated and compounded monthly until August 11, 2001 and thereafter at 2% per month.
- Existing indebtedness is due in full on demand made after August 11, 2001.
- Repayment terms to be based on future oil and gas production revenue.
- Security is to include a general security agreement.
- Option agreement requiring the borrowers to acquire a working interest for $10, 330,092.
- As further consideration for loan financing, 100% of Panda Petroleum Limited will be assigned to lender.

	2002	2001
	$ 3,564,597	$ 3,564,597
Less current portion of long term debt	3,552,897	-
	$ 11,700	$ 3,564,597

The lender per (b) above finalized the negotiated terms of the master loan agreement by signing the agreement in October 2002, and thereafter petitioned the courts to place the Company and Stampede Oils Inc. into bankruptcy . Interest accrued on these loans which approximate $2,270,000 is being challenged by the Company as part of this legal action, as being excessive.

9. Deferred Revenue

Deferred revenue consists of advance payments received for the future delivery of gas. By a Gas Dedication and Delivery Agreement, effective from May 1, 1994, the initial obligations were replaced by the requirement for the Company to deliver 6.378303 BCF of gas at the rate of 2001 mcf of gas per day.

The remaining obligation at November 30, 2002 required the Company to deliver 4.550303 BCF of gas. The terms of the Gas Dedication and Delivery Agreement specify that the above contract terms are satisfied by the delivery of gas to an established point of delivery as defined. The Company has complied with the terms of the contract by making available at the point of delivery, the required gas which is disputed by the Purchaser resulting in the filing of a statement of claim, requesting $2 million damages which is being defended by the Company. There has been no activity with respect to this matter in the past year.

The Company also provided, as related collateral, a fixed and floating charge Oil and Gas Debenture in the amount of $12,000,000 over certain Turner Valley oil and gas properties.

10. Capital Stock

(a) Authorized:
Unlimited number of common shares of no par value
10,000,000 Class A non-voting convertible preferred shares

	November 30 2002		November 30 2001	
(b) Issued or assigned:	Number of Shares	Stated Value	Number of Shares	Stated Value
Common:				
Beginning of year	82,868,505	$58,862,164	78,888,657	$57,487,112
Stock options exercised	425,000	63,750	-	-
Private placement to:				
Other	1,420,000	288,600	3,966,848	1,341,667
Cost of issuance			-	(72,182)
Funds received			-	101,667
Preferred shares converted to common	2,000	600	13,000	3,900
End of year	84,715,505	59,215,114	82,868,505	58,862,164
Shares held by subsidiary	2,210,081	2,397,637	2,210,081	2,397,637
	82,505,424	56,817,477	80,658,424	56,464,527
Class A preferred series:				
Beginning of year	60,083	401,190	61,383	$ 405,090
Preferred shares converted to common	(200)	(600)	(1,300)	(3,900)
	59,883	$ 400,590	60,083	$ 401,190
		$57,218,067		$56,865,717

10. Capital Stock *(continued)*

The preferred shares are convertible to common shares on a basis of 10 common shares for 1 preferred share.

(c) Stock options

Stock options have been granted allowing directors, key employees and consultants to acquire 5,500,000 common shares at an option price of $0.15 per share. These options expire as of October 27, 2004.

11. Income Taxes

The Company has accumulated non-capital losses for income tax purposes of approximately $7,989,000. These non-capital losses expire as follows:

2003	$ 547,000
2004	$ 533,000
2005	$ 485,000
2006	$ 789,000
2007	$ 1,313,000
2008	$ 2,362,000
2009	$ 1,960,000

In addition, resource pools of approximately $22,500,000 exist. Undeprecidated capital cost allowances available for carry forward amounts to approximately $2,100,000. No benefits with respect to the above have been included in these financial statements.

12. Related Party Transactions

(a) Receivables

Included in accounts receivable are $Nil (2001 - $77,341) due from corporations controlled by or affiliated with officers and directors of the Company. Such amounts arise as a result of their joint venture participation in properties operated by the Company from general and administrative cost recoveries charged to them and from other business related matters.

(b) Loan receivable

(i) A loan of $28,337 is receivable from an ex-director of the Company, bears interest at 6% per annum, and is repayable on demand.

12. Related Party Transactions *(continued)*

(b) Loan receivable *(continued)*

(ii) Loans advanced directly and indirectly to the President of the Company to enable investment in his participation in the Company's rights and warrants offerings. These loans bear interest at 6% per annum, have an extension date for repayment of June 8, 2004 and are summarized as follows:

	Principal	Accrued Interest	Total 2002	Total 2001
Loan (i)	$ 222,335	$ 145,231	$ 367,566	$ 346,761
Loan (ii)	329,600	102,359	431,959	407,508
	$ 551,935	$ 247,590	$ 799,525	$ 754,269

This loan has been included as a reduction of shareholder's equity for financial statement purposes.

13. Commitments

The Company is obligated under a lease agreement expiring July 31, 2005 to make annual lease payments of $77,717 per annum plus occupancy costs to July 31, 2003 and thereafter at $104,749 per annum plus occupancy costs.

14. Subsequent events (See also Note 1)

a) Funding

The Company received private funding after year end to repay bank debt which at that time amounted to $300,000. The private lender obtained security previously provided to the bank (See Note 5).

b) Legal disputes

There are ongoing continuing legal matters, specifically as disclosed in Note 1 and Note 7. Other creditor lawsuits also exist.

15. Reclassification

Comparison figures have been reclassified to conform with current year's presentation.

(THIS PAGE LEFT BLANK INTENTIONALLY)

(THIS PAGE LEFT BLANK INTENTIONALLY)

CORPORATE INFORMATION

Head Office:
1700, 520 - 5th Avenue S.W.
Calgary, AB T2P 3R7
Phone: (403) 265-6161
Fax: (403) 265-0893
email: main@bearcat.ab.ca
website: http://www.bearcat.ab.ca

Officers:
J.W. McLeod - President
M.J.S. Hunt - Treasurer
P.A. de Bruycker - Secretary

Directors:
R. Bethell
R.B. Furukawa
J.W. McLeod*
F.H. Peacock*
*Audit Committee

Auditors:
McCallum and Company
1002 - 14th Avenue S.W.
Calgary, AB T2R 0P1

Bank:
Canadian Western Bank
606 - 4th Street S.W.
Calgary, AB T2P 1T1

Legal Counsel:
Bennett Jones LLP
4500, 855 - 2nd Street S.W.
Calgary, AB T2P 4K7

McCaffery Goss Mudry LLP
2200, 736 - 6th Avenue S.W.
Calgary, AB T2P 3T7

Transfer Agent & Registrar:
Computershare Trust Company of Canada
600, 530 - 8th Avenue S.W.
Calgary, AB T2P 3S8

Stock Exchange & Trading Symbol:
TSX Venture Exchange - BEA

Bearcat Explorations Ltd.

1700, 520 - 5th Avenue S.W.
Calgary, Alberta T2P 3R7
Phone: (403) 265-6161